Canada's federal carbon tax experiment has ended. Here's what it accomplished (not much)

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Body

With Canada's six-year national carbon tax experiment coming to an end, the early results are that program has collected about $45 billion while having few immediately perceptible impacts on carbon emissions.

To be sure, carbon emissions have gone steadily down since the Trudeau government's Greenhouse Gas Pollution Pricing Act entered into force in 2019.

In 2018, total greenhouse gas emissions from Canada stood at 747 megatonnes of carbon dioxide equivalent, according to data maintained by the Government of Canada. In 2023 - the last year for which data is available - that had dropped to 694 megatonnes, a reduction of about seven per cent.

But it's hard to tell how much of this is due to carbon pricing, and how much is due to decarbonization trends that were already underway.

Canadian emissions have been going down even as the country's population and GDP have been going up. As a result, Canadian emissions per capita and Canadian emissions as compared to GDP have both witnessed much steeper declines during the life of the federal carbon tax.

However, the reduction tracks closely with trends that were already underway long before the introduction of carbon pricing.

Per-capita emissions have been in steady decline ever since the year 2000, and the decline in personal emissions witnessed during the reign of the federal carbon price is about the same as that witnessed under the nine-year tenure of Prime Minister Stephen Harper.

When Harper took power in 2006, the average Canadian personally emitted 23.2 tonnes of carbon dioxide equivalent per year. When he left office in 2015, that was down to 20.8 tonnes.

In 2018, the last full year without a federal carbon price - the average Canadian was personally responsible for 20.2 tonnes of carbon dioxide equivalent. By 2023, this had dropped to 17.3 tonnes.

And the impact of the carbon price is even harder to discern when looking at emissions as compared to GDP.

According to Government of Canada figures, the carbon footprint of a dollar earned in the Canadian economy has been in steep decline ever since peaking in 1996.

Carney cuts carbon tax rate to zero, neutralizing unpopular policy(https://nationalpost.com/news/canada/mark-carney-rid-of-carbon-tax)

Here's what will be cheaper after carbon tax cut on April 1(https://nationalpost.com/news/canada/cheaper-after-carbon-tax-cut)

In that year, every billion dollars generated in the Canadian economy produced about 540,000 tonnes of greenhouse gases. Every subsequent year, that's been going down by about 10,000 to 20,000 tonnes, and that rate of reduction has remained steady following the introduction of federal carbon pricing.

Notably, any dropoff in emissions that Canada has witnessed over the past six years has also occurred in the United States, which has no national carbon tax.

In 2018, the American economy was responsible for 5.27 billion metric tonnes of greenhouse gases. In 2023, that was down to 4.8 billion(https://www.eia.gov/environment/emissions/carbon/) metric tonnes. That's a reduction of 8.9 per cent - more than the seven per cent experienced by Canada.

The U.S. has also witnessed similar trends to Canada(https://www.epa.gov/climate-indicators/climate-change-indicators-us-greenhouse-gas-emissions) in terms of emissions per capita, and emissions as compared to GDP growth, both of which have been in steady decline every since the 1990s.

Meanwhile, the six years of the Canadian carbon tax have also corresponded with a noticeable increase in global carbon emissions driven largely by China.

While Canada remains one of the world's most carbon intensive countries, the Government of Canada's own figures show that Canadian emissions have been going down in almost inverse proportion to global trends.

"Like that of other economically developed countries, Canada's share is anticipated to continue to decline due to the expected rapid increase in emissions from economically developing and emerging countries, particularly China," reads an analysis by Environment and Climate Change Canada.

As for what the carbon tax has cost Canada, the most reliable data for how much was collected under the program comes from projections published each year in the federal budget. This would eventually be included in a line item entitled "pollution pricing proceeds to be returned to Canadians."

In the 2019 fiscal year, the federal budget records $2.7 billion in "pollution pricing," rising to $12.7 billion for the most recent fiscal year. Although a large portion of that was returned to Canadians in the form of rebates, the total collected over the length of the program comes to $44.9 billion. !@COPYRIGHT=© 2025 Postmedia Network Inc. All rights reserved.

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